

Message Text

UNCLASSIFIED

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ACTION EB-08

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 FRB-01 INR-07

NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

LAB-04 SIL-01 OMB-01 /069 W

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FM AMEMBASSY BUENOS AIRES

TO USDOC WASHDC

INFO SECSTATE WASHDC 1684

UNCLAS BUENOS AIRES 5834

PASS EXIMBANK

E.O. 11652: N/A

TAGS: BENC, AR

SUBJECT: MAJOR PROJECT: ALTO PARANA PULP PLANT

REF: STATE 171258

1. IN RESPONSE TO REFTEL, EMBOFF CONTACTED INGENIERO FRANICEVICH, WHO HAS REPLACED ANIBAL BATISTA AS TECHNICAL DIRECTOR OF ALTO PARANA. AWARD OF CONTRACT TO SANDWELL CONFIRMED; SEP. 15, 1977 EFFECTIVE CONTRACT DATE ANTICIPATED IF IDB APPROVAL OBTAINED BY THEN. HOWEVER, OF 6 U\$S MILLION DOLLAR AWARD REPORTED IN REFTEL, ONLY 2.2 MILLION ALLOCATED TO THE PORTLAND OFFICE FOR THE BASIC ENGINEERING PHASE. REMAINDER GOES TO THE VANCOUVER OFFICE WHO, ALONG WITH TECHINT, A LARGE LOCAL ENGINEERING FIRM, WILL ACT AS PROJECT ENGINEERS AND CONSULTANTS. CANADIAN ENGINEERS WILL BE ARRIVING BUENOS AIRES SOMETIME THIS FALL TO START WORK ON THE PROJECT.

2. BECAUSE OF 42 MONTH BONUS/PENALTY CLAUSE IN UNCLASSIFIED

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SANDWELL CONTRACT, TIME TABLE FOR PROCUREMENT OF EQUIPMENT WILL BE TIGHT. FOR IDB PACKAGE, WHICH TOTALS 92 MILLION DOLLARS, GOAL IS TO HAVE IDB APPROVED LIST OF PREQUALIFIED SUPPLIERS BY OCTOBER 15, 1977. TO COMPLY WITH IDB RULES, ALSO PARANA IS PUBLISHING IN SEVERAL OVERSEAS TECHNICAL TRADE JOURNALS NOTICES INVITING PREQUALIFYING OFFERS.

IDEA IS TO BREAKDOWN CONTEST TO SOME 30 PACKAGES OF EQUIPMENT.

3. LIST OF EQUIPMENT TO BE INCLUDED IN IDB FINANCED PORTION NOT YET FINALIZED. ALSO PARANA, IN ADDITION TO HAVING OFFER FOR 28 US\$ MILLION DOLLAR EDC FINANCING FOR CANADIAN EQUIPMENT, IS PRESENTLY NEGOTIATING A 15 MILLION DOLLAR PACKAGE FROM THE FINNS AND 25 MILLION DOLLAR LOAN FROM THE PARSONS GROUP IN FRANCE (COUR ROIRE). IN ADDITION, THE SWEDES ARE EXPECTED TO OFFER A PACKAGE FOR BOILERS ("YUTA").

4. IN VIEW OF DIRECT SALES NOW BEING NEGOTIATED BY THIRD COUNTRIES OUTSIDE IDB LOAN, RECOMMEND THAT U.S. FIRMS ATTEMPT SIMILAR STRATEGY.

5. FYI FRANICEVICH WILL BE TRAVELLING MID AUGUST TO THE UNITED STATES TO ARRANGE IDB APPROVAL OF SANDWELL CONTRACT AND TO PORTLAND TO SELECT CHIEF DESIGN ENGINEER.

6. POST POUCHING PROJECT DESCRIPTION PREPARED BY ALSO PARANA, WHICH CONTAINS A PRELIMINARY LISTING OF EQUIPMENT.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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